# GOVERNMENT OF INDIA
# PETROLEUM AND NATURAL GAS
# LOK SABHA

STARRED QUESTION NO:174
ANSWERED ON:03.08.2006
COMMERCIAL USE OF SUBSIDISED LPG
Athawale Shri Ramdas;Chavda Shri Harisinh Pratapsinh

**Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:**

(a) whether subsidised domestic Liquefied Petroleum Gas (LPG) is being illegally used for commercial use ;

(b) if so, the number of cases of black-marketing of LPG reported during each of the last three years and the current year ; (

(c) the action taken against the distributors found guilty ;

(d) whether the Government has taken any steps to stop commercial use of subsidised LPG ; and

(e) if so, the details thereof ?

## Answer

MINISTER OF PETROLEUM & NATURAL GAS ( SHRI MURLI DEORA )

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO. 174 BY SHRI RAMDAS ATHAWALE AND SHRI HARISINH CHAVDA TO BE ANSWERED ON 3RD AUGUST, 2006 REGARDING COMMERCIAL USE OF SUBSIDISED LPG.

(a) : Public Sector Oil Marketing Companies (OMCs) have reported instances of diversion of domestic LPG cylinders for commercial purposes by their LPG distributors.

(b) & (c ) : During the last three year period, 2003-04 to 2005-06, and also April-June, 2006, the number of LPG distributors penalized by the OMCs for diversion of domestic cylinders for commercial purposes under their Marketing Discipline Guidelines (MDG) were as under :

| Year | Number of LPG distributors penalized |
|---|---|
| 2003-04 | 13 |
| 2004-05 | 484 |
| 2005-06 | 517 |
| April-June 2006 | 40 |

In addition to the action by the OMCs under the MDG, State Governments are empowered to take action against illegal use of domestic LPG.

(d) & (e) : The following measures have been taken to prevent the diversion / black marketing of domestic LPG cylinders for commercial purposes :

(i) Under the LPG (Regulation of Supply and Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion / black marketing of domestic LPG cylinders for commercial purposes by the distributors of OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders for unauthorized usage.

(ii) The officials of OMCs carry out random checks at distributors godown, delivery point, as well as en-route to ensure that no diversion / black marketing takes place. As per the MDG, in case of establishment of any diversion / black marketing of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor :-

(a) Fine of Rs. 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

(b) Fine of Rs. 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and

(c) Termination of the distributorship for 3rd offence.